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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER
8-26901

**FACING PAGE**

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/11 AND ENDING 12/31/11  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: CNL SECURITIES CORP.  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
450 S. ORANGE AVENUE

OFFICIAL USE ONLY
<u>FIRM I.D. NO.</u>

ORLANDO FL 32801  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
JEFFREY SHAFER 407-650-1000  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

GRANT THORNTON LLP

200 S. ORANGE AVENUE, SUITE 2050 ORLANDO FL 32801  
(Address) (City) (State) (Zip Code)

**CHECK ONE:**

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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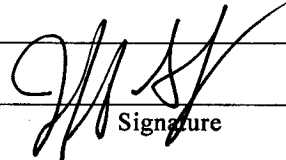
## OATH OR AFFIRMATION

I, JEFFREY SHAFER, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of CNL SECURITIES CORP., as of DECEMBER 31, 20 11, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

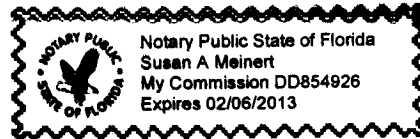
  
Signature

JEFFREY SHAFER, PRESIDENT

Title



Notary Public



This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**



Financial Statements, Supplemental Information and  
Report of Independent Certified Public Accountants

**CNL Securities Corp.**  
**(A Wholly-Owned Subsidiary of CNL Capital**  
**Markets, Inc.)**

December 31, 2011

United States  
Securities and Exchange Commission  
Washington, D.C.  
Annual Audited Report  
Form X-17A-5 Part III  
Year Ended December 31, 2011

SEC  
Staff Processing  
FEB 20 2012



Financial Statements, Supplemental Information and  
Report of Independent Certified Public Accountants

**CNL Securities Corp.**  
**(A Wholly-Owned Subsidiary of CNL Capital**  
**Markets, Inc.)**

December 31, 2011

United States  
Securities and Exchange Commission  
Washington, D.C.  
Annual Audited Report  
Form X-17A-5 Part III  
Year Ended December 31, 2011

FINANCIAL AND OPERATION COMBINED UNIFORM SINGLE REPORT  
PART IIA

BROKER OR DEALER

CNL SECURITIES CORP.

as of December 31, 2011

COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition . . . . .	\$ 2,820,006	3480
2. Deduct ownership equity not allowable for Net Capital . . . . .	-	3490
3. Total ownership equity qualified for Net Capital . . . . .	2,820,006	3500
4. Add:		
A. Liabilities subordinated to claims of general creditors allowable in computations of net capital . . . . .	-	3520
B. Other (deductions) or allowable credits (List) . . . . .	-	3525
5. Total capital and allowable subordinated liabilities . . . . .	2,820,006	3530
6. Deductions and/or charges:		
A. Total nonallowable assets from Statement of Financial Conditions (Notes B and C) . . . . .	\$ 1,415,161	3540
B. Secured demand note deficiency . . . . .	-	3590
C. Commodity futures contracts and spot commodities- proprietary capital charges . . . . .	-	3600
D. Other deductions and/or charges . . . . .	-	3610
7. Other additions and/or allowable credits (List) . . . . .	(1,415,161)	3620
8. Net capital before haircuts on securities positions . . . . .	-	3630
9. Net capital before haircuts on securities positions . . . . .	\$ 1,404,845	3640
9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1 (f) ):		
A. Contractual securities commitments . . . . .	\$ -	3660
B. Subordinated securities borrowings. . . . .	-	3670
C. Trading and investment securities:		
1. Exempted securities. . . . .	-	3735
2. Debt securities . . . . .	-	3733
3. Options . . . . .	-	3730
4. Other securities . . . . .	(5,515)	3734
D. Undue Concentration . . . . .	-	3650
E. Other (List) . . . . .	-	3736
10. Net Capital . . . . .	(5,515)	3740
	\$ 1,399,330	3750

FINANCIAL AND OPERATION COMBINED UNIFORM SINGLE REPORT  
PART IIA

BROKER OR DEALER

CNL SECURITIES CORP.

as of December 31, 2011

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

PART A

11. Minimum net capital required (6-2/3% Of Line 19) .....	\$	298,940	3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A) .....	\$	25,000	3758
13. Net capital requirement (greater of line 11 or 12) .....	\$	298,940	3760
14. Excess net capital (line 10 less 13) .....	\$	1,100,390	3770
15. Excess net capital at 1000% (line 10 less 10% of line 19) .....	\$	950,919	3780

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition .....	\$	4,484,111	3790
17. Add:			
A. Drafts for immediate credit .....	\$	-	3800
B. Market value of securities borrowed for which no equivalent value is paid or credited .....	\$	-	3810
C. Other unrecorded amounts (List) .....	\$	-	3820
19. Total aggregate indebtedness .....	\$	4,484,111	3840
20. Percentage of aggregate indebtedness to net capital (line 19 :- by line 10) .....		320%	3850
21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d) .....		0.00%	3860

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

PART B

22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debts .....	\$	-	3870
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A) .....	\$	-	3880
24. Net capital requirement (greater of line 22 or 23) .....	\$	-	3760
25. Excess net capital (line 10 less 24) .....	\$	-	3910
26. Net capital in excess of: 5% of combined aggregate debt items of \$ 120,000. ....	\$	-	3920

OMIT PENNIES

NOTES:

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and for each subsidiary to be consolidated, the greater of:
1. Minimum dollar net capital requirement, or
  2. 6-2/3% of aggregate indebtedness or 2% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand note covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondents should provide a list of material non-allowable assets.

TO BE COMPLETED WITH THE ANNUAL AUDIT REPORT ONLY

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report				
Name (If individual, state last, first, middle name)				
GRANT THORNTON LLP				70
ADDRESS	Number and Street	City	State	Zip Code
200 SOUTH ORANGE AVENUE STE 2050		ORLANDO	FL	32801
71		72	73	74

Check One

( x ) Certified Public Accountant

75

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( ) Public Accountant

76

( ) Accountant not resident in United States or  
any of its possessions

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CNL Securities Corp.  
(A Wholly-Owned Subsidiary of CNL Capital Markets, Inc.)

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

Board of Directors  
CNL Securities Corp.

**Audit • Tax • Advisory**

**Grant Thornton LLP**  
200 S Orange Avenue, Suite 2050  
Orlando, FL 32801-3410

T 407.481.5100  
F 407.481.5190  
[www.GrantThornton.com](http://www.GrantThornton.com)

We have audited the accompanying statement of financial condition of CNL Securities Corp. (a Florida corporation and wholly-owned subsidiary of CNL Capital Markets, Inc.) as of December 31, 2011, and the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CNL Securities Corp. as of December 31, 2011, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information contained in Schedule I required by Rule 17a-5 under the Securities Exchange Act of 1934 is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Orlando, Florida  
February 27, 2012

A stylized, handwritten-style signature of "Grant Thornton LLP" in black ink.

**CNL Securities Corp.**  
**(A Wholly-Owned Subsidiary of CNL Capital Markets, Inc.)**

Statement of Financial Condition (*in thousands, except share data*)  
December 31, 2011

---

<u>Assets</u>	
Cash	\$ 4,912
Accounts receivable – related parties	1,863
Prepaid expenses and other assets	380
Property and equipment – net	113
Marketable securities	37
Total assets	<u>\$ 7,305</u>

<u>Liabilities and Stockholder's Equity</u>	
<b>Liabilities:</b>	
Accounts payable and accrued liabilities	\$ 1,131
Commissions payable to brokers or dealers	1,853
Due to parent	369
Deferred compensation	1,132
Total liabilities	<u>4,485</u>

**Commitments and Contingencies (Notes G and I)**

**Stockholder's equity:**

Common stock – 100 shares authorized; par value \$1.00 per share; 100 shares issued and outstanding	-
Additional paid-in capital	69,765
Accumulated deficit	(66,945)
Total stockholder's equity	<u>2,820</u>
Total liabilities and stockholder's equity	<u>\$ 7,305</u>

CNL Securities Corp.  
(A Wholly-Owned Subsidiary of CNL Capital Markets, Inc.)

Statement of Operations (*in thousands*)  
For the Year Ended December 31, 2011

---

Revenue:

Commissions and fees	\$ 96,585
Interest and investment income	9
Total revenues	<u>96,594</u>

Expenses:

Commissions and sales expenses	94,606
Salaries and benefits	6,231
General and administrative expenses	4,940
Total expenses	<u>105,777</u>
Net loss	<u><u>\$ (9,183)</u></u>

**CNL Securities Corp.**  
**(A Wholly-Owned Subsidiary of CNL Capital Markets, Inc.)**

**Statement of Changes in Stockholder's Equity (*in thousands*)**  
**For the Year Ended December 31, 2011**

---

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balance, December 31, 2010	\$ -	\$63,665	\$(57,762)	\$ 5,903
Net loss	-	-	(9,183)	(9,183)
Capital contributions from parent	-	6,100	-	6,100
Balance, December 31, 2011	<u>\$ -</u>	<u>\$69,765</u>	<u>\$(66,945)</u>	<u>\$ 2,820</u>

The accompanying notes are an integral part of this financial statement.

**CNL Securities Corp.**  
**(A Wholly-Owned Subsidiary of CNL Capital Markets, Inc.)**

**Statement of Cash Flows (*in thousands*)**  
**For the year Ended December 31, 2011**

---

<b>Cash flows from operating activities:</b>	
Net loss	\$(9,183)
Adjustments to reconcile net loss to cash used in operating activities:	
Depreciation and amortization	150
Gain on disposal of assets	(3)
Investment gains	(1)
Changes in operating assets and liabilities:	
Accounts receivable – related parties	(724)
Prepaid expenses and other assets	(307)
Accounts payable and accrued liabilities	562
Commissions payable to brokers or dealers	815
Due to parent	(312)
Deferred compensation	(583)
Net cash used in operating activities	<u>(9,586)</u>
<b>Cash flows from investing activities:</b>	
Purchases of property and equipment	<u>(60)</u>
Net cash used in investing activities	<u>(60)</u>
<b>Cash flows from financing activities:</b>	
Capital contributions from parent	<u>6,100</u>
Net cash provided by financing activities	<u>6,100</u>
<b>Net decrease in cash</b>	(3,546)
<b>Cash at beginning of year</b>	8,458
<b>Cash at end of year</b>	<u><u>\$ 4,912</u></u>

The accompanying notes are an integral part of this financial statement.

**CNL Securities Corp.**  
**(A Wholly-Owned Subsidiary of CNL Capital Markets, Inc.)**

Notes to Financial Statements (*in thousands*)  
December 31, 2011

---

**Note A – Organization and Summary of Significant Accounting Policies**

**Organization and Business Activity:**

CNL Securities Corp. (the Company) is a Florida Corporation and wholly-owned subsidiary of CNL Capital Markets, Inc. (CCM). CCM is an indirect wholly-owned subsidiary of CNL Financial Group, Inc. (CFG), which is a wholly-owned subsidiary of CFG I, Inc. (CFG I). The Company is a registered broker-dealer with the Securities and Exchange Commission and a member of the Financial Industry Regulatory Authority (FINRA). The Company serves as broker-dealer for the sale of various shares of unlisted real estate investment trust (REIT) and business development company (BDC) stock. Commissions and fees are generated from the sale of these shares and units. The Company's operations are based in Orlando, Florida.

The Company's accounting policies are in conformity with accounting principles generally accepted in the United States of America and reflect practices appropriate to broker-dealers in the securities industry in the United States of America.

**Use of Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Fair Value of Financial Instruments:**

The carrying amount of cash, accounts receivable, accounts payable and accrued liabilities, commissions payable to brokers or dealers and due to parent approximate fair value because of the short-term maturity of these items.

**Revenue Recognition:**

Commissions and fees and related expenses from the sale of various shares of unlisted REITs and BDC are recognized as revenue and expense when earned and are recorded on the date the investor is admitted as a stockholder.

**Accounts Receivable:**

The Company regularly evaluates all accounts receivable and estimated losses for uncollectible accounts based on historical experience and the evaluation of the likelihood of success in collecting specific receivables. If management believes an amount will not be collected, it is charged to expense. As of December 31, 2011, all amounts were considered collectible and no allowance was deemed necessary.

CNL Securities Corp.  
(A Wholly-Owned Subsidiary of CNL Capital Markets, Inc.)

Notes to Financial Statements (*in thousands*)  
December 31, 2011

---

**Property and Equipment:**

Property and equipment is stated at cost less accumulated depreciation and amortization. Major renewals and betterments are recorded as property and equipment while replacements, maintenance and repairs, which do not improve or extend the lives of the respective assets, are expensed currently. Leasehold improvements are amortized over the lives of the respective leases or the service lives of the improvements, whichever is shorter. Gain or loss on retirement or disposal of an individual asset is recorded as income or expense. Depreciation is computed using the straight-line method over the following estimated lives:

	<u>Years</u>
Office furnishings, fixtures and equipment	5-15
Computer software and hardware	3-5
Leasehold improvements	Shorter of life of the lease or life of the asset

**Income Taxes:**

Effective January 1, 2007, CFG I elected to be treated for tax purposes as a subchapter S corporation under the Internal Revenue Code (IRC). In conjunction with this election, the Company became a qualified subchapter S subsidiary and, therefore, is a disregarded entity. Accordingly, the income or loss is included in the tax filing of CFG I and the accompanying statement of operations does not include a provision for federal income taxes or state income taxes in states that recognize the subchapter S corporation election. Income or loss is generally included in the stockholder's personal tax returns. No formal tax sharing agreement exists.

The Company accounts for income taxes under standards that address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements as a reduction to income tax expense and related income tax liabilities. As of January 1, 2011 and December 31, 2011, the Company recorded no liability for uncertain tax positions. Prior to the S corporation elections, the Company filed income tax returns in many states. The statute of limitations for examinations of these filings lapsed during the year.

**Note B - Related Party Transactions**

**REITs and BDC:**

The Company's activities as a broker-dealer relate primarily to various unlisted REITs and a BDC. Certain officers of CFG and affiliates of the Company are also officers and directors of certain REITs and a BDC.

CNL Securities Corp.  
(A Wholly-Owned Subsidiary of CNL Capital Markets, Inc.)

Notes to Financial Statements (*in thousands*)  
December 31, 2011

---

**Transactions with Affiliated Companies:**

The Company earned commissions and fees from related entities for the year ended December 31, 2011 of \$96,447. At December 31, 2011, the Company had commissions and fees due from related REITs and BDC totaling \$1,863. At December 31, 2011, the Company had \$369 due to CFG for amounts paid by CFG on behalf of the Company in excess of payments made.

The Company provides marketing and investor services to the related unlisted REITs, BDC and related companies for which it receives fees. For the year ended December 31, 2011, such fees amounted to \$138 and are included in commissions and fees in the accompanying statement of operations.

Subsidiaries of CFG provide marketing, administration, technology systems, human resources, accounting, tax and compliance services to the Company. Amounts paid for these services amounted to \$2,118 for the year ended December 31, 2011 and are included in general and administrative expenses in the accompanying statement of operations.

See Note G for related party lease obligations.

**Contribution of Capital:**

Historically, the Company has sustained losses and has become dependent upon the willingness and ability of CCM to make capital contributions to fund the negative cash flows and/or meet the Company's net capital requirements for the next twelve months. CCM contributed capital totaling \$6,100 during the year ended December 31, 2011.

**Note C – Property and Equipment**

As of December 31, 2011, property and equipment consisted of the following:

Office furnishings, fixtures and equipment	\$ 100
Computer software and hardware	942
Leasehold improvements	150
	<u>1,192</u>
Less: Accumulated depreciation and amortization	(1,079)
	<u>\$ 113</u>

Depreciation and amortization expense amounted to \$150 for the year ended December 31, 2011 and is included in general and administrative expenses in the accompanying statement of operations.



**CNL Securities Corp.**  
**(A Wholly-Owned Subsidiary of CNL Capital Markets, Inc.)**

Notes to Financial Statements (*in thousands*)  
December 31, 2011

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**Note D – Deferred Compensation Obligations**

The Company has entered into various agreements with specific Company employees. The employees are allocated a cash award. Such benefits are payable under various terms and conditions and are subject to vesting schedules. Accrued benefits amounted to \$1,132 at December 31, 2011.

**Note E – Capital Requirements**

The Company is subject to the rule 15c3-1 under the Securities Exchange Act of 1934. The rule provides that a broker or dealer in securities is required to maintain a minimum net capital of the greater of \$25 or 6 2/3% of aggregate indebtedness. The net capital of the Company as of December 31, 2011 was \$1,399 and 6 2/3% of aggregate indebtedness was \$299.

The Company did not have any liabilities subordinated to claims of general creditors during the year ended December 31, 2011, and is exempt from rule 15c3-3 under paragraph K(2)(i) because the Company does not carry securities accounts for customers or perform custodial functions for customer securities.

There were no material differences between the computation of net capital under rule 15c3-1 included in the unaudited FOCUS report and the computation of net capital.

**Note F – 401(k) Plan**

Employees of the Company are included in CNL Financial Group's defined contribution 401(k) plan (the Plan). The Plan is designed in accordance with the applicable sections of the IRC, and is not subject to minimum funding requirements. The Plan covers all eligible employees of the Company upon completion of one month of service. Employees may elect to contribute up to a maximum of 90% of their salary under Internal Revenue Service regulations. The Company has a discretionary matching policy in which the Company generally matches 50% of the first 7% of each employee contribution for employees that have completed six months of service. For the year ended December 31, 2011, the Company's contribution amounted to \$277, and is included in salaries and benefits in the accompanying statement of operations.

**Note G – Obligations Under Operating Leases**

**Lease with Affiliated Company:**

The Company has been allocated a portion of a non-cancelable operating lease which contains an escalation clause for office space leased from a related party. The lease provides for minimum monthly payments through October 2021, currently allocated at \$43 per month, including consideration for the escalation clause. Rent expense relating to the Company's allocation of this lease agreement totaled \$423 for the year ended December 31, 2011 and is included in general and administrative expenses in the accompanying statement of operations.

**CNL Securities Corp.**  
**(A Wholly-Owned Subsidiary of CNL Capital Markets, Inc.)**

**Notes to Financial Statements (*in thousands*)**  
**December 31, 2011**

---

The Company's allocation of future minimum lease payments as of December 31, 2011 is as follows:

Year ending December 31,	
2012	\$ 378
2013	390
2014	401
2015	413
2016	426
Thereafter	<u>2,243</u>
	<u>\$4,251</u>

**Note H – Concentration of Credit Risk**

Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist principally of cash and accounts receivable.

The Company maintains cash balances at financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to \$250. At various times throughout the year and at December 31, 2011, balances in these accounts exceeded the insured limits.

Concentrations of credit risk with respect to accounts receivable and commissions and fees relates to the Company's business activity being substantially all from the sale of securities of affiliated entities (see Note B).

**Note I - Contingencies**

From time to time, the Company is a party to various legal actions and regulatory inquiries arising in the ordinary course of its business. While the results of these matters cannot be predicted with certainty, management believes that the final outcome of such legal actions or regulatory inquiries will not have a material adverse effect on the Company's financial position.

**Note J – Subsequent Events**

The Company evaluated all subsequent events through February 27, 2012, the date that the accompanying financial statements were issued. Based on such evaluation, no events have occurred that warrant disclosure in or adjustments to the financial statements.

## Supplemental Information

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CNL Securities Corp.  
(A Wholly-Owned Subsidiary of CNL Capital Markets, Inc.)

Schedule I – Computation of Net Capital Under Rule 15c3-1 of the Securities and  
Exchange Commission  
For the Year Ended December 31, 2011

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	<u>Net Capital</u>
<b>Computation of net capital:</b>	
Total ownership equity	\$2,820,006
<b>Nonallowable assets:</b>	
Other receivables	922,462
Prepaid expenses and other assets	380,128
Property and equipment, net	112,571
Securities haircuts	5,515
Total	<u>1,420,676</u>
Net capital	<u><u>\$1,399,330</u></u>
<b>Computation of basic net capital requirement:</b>	
Minimum net capital required (6 2/3% of aggregate indebtedness of \$4,484,111)	\$ 298,941
Minimum dollar amount	25,000
Net capital requirement	298,941
Excess net capital	1,100,389
Excess net capital at 1000%	950,919
Percent: Aggregate indebtedness to net capital	320%



## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5(g)

**Audit • Tax • Advisory**

**Grant Thornton LLP**

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Board of Directors  
CNL Securities Corp.

In planning and performing our audit of the financial statements of CNL Securities Corp. (a wholly-owned subsidiary of CNL Capital Markets, Inc.) as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants, we considered the Company's internal control over financial reporting (internal control) as a basis for designing audit procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion.

Also, as required by Rule 17a-5(g)(1) of the U.S. Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of compliance with such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exceptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications and comparisons, and recordation of differences required by Rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

Management of the Company is responsible for establishing and maintaining effective internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (US GAAP). Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described herein and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in the Company's internal control, including control activities for safeguarding securities (and certain regulated commodity customer and firm assets), that we consider to be material weaknesses.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2011, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Orlando, Florida  
February 27, 2012





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